



# **SBT e-file**

**Michigan Department of Treasury**

## **Michigan Single Business Tax Transmitters' e-file Handbook**

Note: If you are sending your returns to your software developer who will in turn transmit them to Treasury, you **do not need** to apply to be a transmitter.

***[www.michigan.gov/sbtefile](http://www.michigan.gov/sbtefile)***

# **2004**

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## SECTION 1 Introduction

### 1.1 General Information

Thank you for your interest in the Michigan Department of Treasury's (Treasury) Single Business Tax Electronic Filing (SBT e-file) Program. The Michigan SBT e-file Program was developed to provide Michigan taxpayers with the opportunity to use Internet technology to file Single Business Tax Returns. The Michigan Single Business Tax Transmitters' e-file Handbook (Transmitters' Handbook) provides you with information on how you can participate as a transmitter in the SBT e-file Program.

**Note: If you are sending your returns to your software developer who will in turn transmit them to Treasury, you do not need to apply to be a transmitter**

*In an effort to optimize operational efficiency and improve customer service, the Michigan Department of Treasury made several tax processing changes. A major part of this effort was to mandate electronic filing for SBT returns.*

*Software developers producing software for professional tax preparers will need to support e-file for all Michigan SBT forms that are included in their tax preparation software package. Therefore, all eligible SBT returns prepared using software must be e-filed through Treasury's Internet Portal. In addition to refund returns, we will also accept SBT e-file returns requiring payment.*

The following 2004 forms are eligible for SBT e-file:

C-8000	SBT Annual Return
C-8000C	SBT Credit for Small Businesses and Contribution Credits
C-8000D	SBT Recapture of Capital Acquisition Deduction
C-8000G	SBT Statutory Exemption/Business Income Averaging
C-8000H	SBT Apportionment Formula
C-8000ITC	SBT Investment Tax Credit
C-8000KC	SBT Schedule of Shareholders and Officers
C-8000KP	SBT Schedule of Partners
C-8000S	SBT Reductions to Adjusted Tax Base
C-8009	SBT Allocation of Statutory Exemption, Standard Small Business Credit, and Alternate Tax for Members of Controlled Groups
C-8010AGR	SBT Adjusted Gross Receipts for Controlled Groups
C-8020	SBT Penalty and Interest Computation for Underpaid Estimated Tax
C-8030	SBT Notice of No SBT Return Required
C-8043	SBT Statutory Exemption Schedule

C-8044	SBT Simplified Return
3307	SBT Loss Adjustment Worksheet for the Small Business Credit

Information from the following 2004 federal forms may be included, *but is not required* when filing the C-8000, C-8044 or C-8030:

U.S. 1120 and Schedules A and E (Corporations)  
 U.S. 1120A (Corporations)  
 U.S. 1120S and Schedules A, D and K (S-Corporations)  
 U.S. 1040 and Schedules C, D and E (Individuals)  
 U.S. 1065 and Schedules A and K (Partnerships)  
 U.S. 1041 and Schedule D (Fiduciaries)  
 U.S. 4797, Sales of Business Property  
 8825, Rental Real Estate Income and Expenses of a Partnership  
 or S Corporation

*When the following forms are included, the SBT return can be e-filed, but the forms listed below must be mailed.*

4                    *Application For Extension For Time To File Michigan  
 Income Tax Return*

SBT e-file is not available to taxpayers that file the following forms or meet the following conditions:

Taxpayer has not previously filed a paper SBT return with Treasury.  
 C-8022            SBT Farmland Preservation Tax Credit  
 C-8000X        SBT Amended Return  
 C-8008           *SBT Affiliation Schedule - Consolidated Filing*  
 C-8044X        SBT Amended Simplified Return  
 C-8000MC      SBT Miscellaneous Credits  
 1366            Insurance Company Annual Return for SBT  
                     and Retaliatory Tax

*Returns for years 2001 and before  
 Returns requiring payment for 2002*

## 1.2 Treasury Contacts For Software Developers and Transmitters Only

For help with the SBT e-file program, software developers and transmitters may contact the Alternative Filing staff between the hours of 8:00 a.m. and 5:00 p.m., EST, Monday through Friday, except state holidays. When leaving a phone message, give as much detail as possible so that Alternative Filing staff can research your question and have the answer ready when they call you back. Speak clearly and spell any difficult names.

The Alternative Filing staff is not able to provide return status information or address specific taxpayer account issues. Should an error occur on the Michigan return during mainframe processing, Treasury will communicate directly with the taxpayer through the Department's regular error resolution process. Treasury will, however, discuss return situations with the preparer if the appropriate authorization box has been completed on the return.

This contact information is **for software developers and transmitters only** and enables Treasury to provide better service to the SBT e-file program participants.

Contact: Scott Bunnell or Nancy Agostini  
Phone: (517) 636-4450  
(517) 636-4999 (TTY Only)  
Fax: (517) 636-4443  
Email: [MIefile2D@michigan.gov](mailto:MIefile2D@michigan.gov)  
Include the words "SBT e-file" in the subject line.

Mailing Address: Alternative Filing Programs  
Michigan Department of Treasury  
P.O. Box 30058  
Lansing, MI 48909

You may also visit our Web site at [www.Michigan.gov/sbtefile](http://www.Michigan.gov/sbtefile) for more information.

### **For Taxpayers**

#### **Internet – [www.michigan.gov/bustax](http://www.michigan.gov/bustax)**

Treasury is providing Self-Service to customers via the Web. From the comfort of your home or office, you have the ability to:

- Check if your return has been received
- Check if your refund has been issued and when
- Ask Treasury a question
- Check estimated payments
- Request copies of returns filed
- *View your Single Business Tax e-file Customer Service Number (CSN)*

Note: To get return information using the "Internet Services" options, you must have the filer's Federal Employee Identification number, (FEIN) or TR number, gross receipts and organization type.

#### **Customer Contact Center**

Taxpayers that do not have Internet Service may call the SBT Customer Contact Staff at (517) 636-4700 for assistance.

Deaf, hearing or speech-impaired persons may call (517) 636-4999 (TTY).

### 1.3 Highlights and Important Information for Tax Year 2004

- *The SBT e-file system will be unavailable from 4:00 a.m. to 5:15 a.m. for daily maintenance. If you attempt to transmit a file during this period, you will receive a message stating that the system is unavailable and to try again later.*
- Now available on the secure Web site is our feature **E-file Alerts**. E-file Alerts will provide updates and important information throughout the year.
- SBT Annual returns requiring payment are eligible for e-file. There are two payment options available.
  - **Electronic Funds Transfer (EFT).** Information on the EFT process as well as the EFT Debit Application (form 2248) and EFT Credit Application (form 2328) are available on our Web site at: [www.michigan.gov/biztaxpayments](http://www.michigan.gov/biztaxpayments). Fax your completed application to (517) 636-4356. Please allow 4 weeks for processing.
  - **Paper Payment Voucher.** If the taxpayer chooses to mail their payment, they must include form SBT-V SBT E-FILE ANNUAL RETURN PAYMENT VOUCHER with the payment. *Copies of federal and Michigan returns or schedules should not be mailed to Treasury.*
- *Annual returns are due on or before the last day of the 4<sup>th</sup> month after the end of the filer's tax year. For fiscal year filers the beginning date year should coincide with the tax year form. For example:*

<i>File Period</i>	<i>File Period</i>	<i>Tax Year</i>	
<u><i>Beginning Date</i></u>	<u><i>Ending Date</i></u>	<u><i>Form Filed</i></u>	<u><i>Due Date</i></u>
<i>January 2005</i>	<i>December 2005</i>	<i>2005</i>	<i>April 30, 2006</i>
<i>September 2004</i>	<i>August 2005</i>	<i>2004</i>	<i>December 31, 2005</i>
<i>January 2004</i>	<i>December 2004</i>	<i>2004</i>	<i>April 30, 2005</i>
<i>February 2003</i>	<i>January 2004</i>	<i>2003</i>	<i>May 31, 2004</i>

- Registration changes (name, address, phone number, filing date, etc.) must be made by calling (517) 636-4660 or submitting form 163, [Notice of Change or Discontinuance](#).
- The tax rate for the calendar year ending 2004 is 1.9%. We do not expect the rate to change for 2004. The 2005 rate should be available in December 2004.

#### 1.4 Key Dates

Deadline for Submitting SBT e-file New Application (Profile)	None
Begin Transmitter Testing for 2004	Mid– Late October 2004
Begin Transmitting Live Returns	Late January 2005
SBT e-file unavailable due to system maintenance (Test returns may still be submitted.)	Mid-Late January 2005

#### 1.5 State of Michigan Holiday Schedule

##### 2004-2005 HOLIDAY SCHEDULE

<i>Labor Day</i>	<i>New Year's Day</i>
<i>Veterans' Day</i>	<i>Martin Luther King Jr.'s Birthday Observed</i>
<i>Thanksgiving</i>	<i>Presidents' Day</i>
<i>Christmas Eve</i>	<i>Memorial Day</i>
<i>Christmas</i>	<i>Independence Day</i>
<i>New Year's Eve</i>	

#### 1.6 Definitions

##### Electronic Return Originator (ERO) or Preparer

An ERO is the person or firm that constructs the return information for the taxpayer for the purpose of electronically filing a tax return.

##### Transmitter

*A transmitter is the business or individual that electronically sends the file of return data to Treasury. **In most cases the software developer will be the transmitter.***

*Preparers who are sending returns to the software developer who will in turn transmit them to Treasury, **do not need** to apply to be a transmitter.*

To be a transmitter you must:

- Submit an SBT e-file New Application (Profile) request to Treasury, and
- Pass the Treasury qualifications review as outlined in Sections 2-5.

#### 1.7 Program Compliance

Treasury will ensure transmissions are in compliance with the requirements outlined in this publication and the SBT e-file Specifications and Software Developer Guide.

If, after acceptance, a transmitter/software developer has production problems, Treasury reserves the right to suspend that transmitter/software developer until the problems are resolved to Treasury's satisfaction.

## SECTION 2     SBT e-file Application (Profile)

### 2.1     General Information

An organization or individual interested in participating as a transmitter or software developer must submit an SBT e-file New Application (Profile) request to Treasury. The on-line application is available on our Web site: [www.michigan.gov/sbtefile](http://www.michigan.gov/sbtefile). Applications are processed within 1-2 business days. An acceptance letter containing your user ID and password to e-file SBT return(s) will be mailed within one (1) week. It is the responsibility of the transmitter to keep this information secure. Applications may be submitted at any time throughout the year.

Note: If the Web Server is down, you will not be able to access the SBT e-file program.

In future years, participants who have been previously accepted by Michigan do not need to resubmit an application. If there is a change in the information on file, participants should submit the updated information by using the Update Profile screen on our Web site.

Failure to apply will preclude participation in the program.

**If you are sending your returns to your software developer who will in turn transmit them to Treasury, you do not need to apply to be a transmitter.**

### 2.2     Transmission Software Developers

*Developers producing and including the transmission capability in their software need to:*

- *Apply to Treasury by submitting an SBT e-file New Application (Profile) request, which is available on-line at [www.michigan.gov/sbtefile](http://www.michigan.gov/sbtefile).*
- *Develop XML file transmission software. The test file in XML must contain:*
  - *transmission data*
  - *at least two SBT returns created with approved software or the sample SBT XML file available on our Web site*
  - *transmission end data*
- *Test their transmission capabilities as outlined in the Transmitters' Handbook.*
- *Adhere to the requirements outlined in Section 3 of the Transmitter's Handbook if functioning as a transmitter.*

When the developers is not functioning as the transmitter, but allowing the preparer/ERO to function as the transmitter, the preparer will need to:

- Apply to Treasury by submitting an SBT e-file New Application (Profile) request, which is available on-line at [www.michigan.gov/sbtefile](http://www.michigan.gov/sbtefile).
- Test their transmission capabilities as outlined in the Transmitters' Handbook
- Adhere to the requirements outlined in Section 3 of the Transmitters' Handbook.



Developers obtaining the transmission portion of the software from another company will need to:

- Apply to Treasury by submitting an SBT e-file New Application (Profile) request, which is available on-line at [www.michigan.gov/sbtefile](http://www.michigan.gov/sbtefile).
- Test as a transmitter as outlined in the Transmitters' Handbook, and then test as a developer.
- Adhere to the requirements outlined in Section 3 of the Transmitter's Handbook if functioning as the transmitter.

Developers producing only the transmission portion of the software and not functioning as the transmitter will need to:

- Apply to Treasury by submitting an SBT e-file New Application (Profile) request, which is available on-line at [www.michigan.gov/sbtefile](http://www.michigan.gov/sbtefile).
- Develop XML file transmission software. The test file in XML must contain:
  - transmission data
  - at least two SBT returns or the sample SBT XML file available on our Web site
  - transmission end data
- Test their transmission capabilities as outlined in the Transmitters' Handbook.
- Adhere to the requirements outlined in Section 3 of the Transmitter's Handbook if functioning as a transmitter.

## SECTION 3 Transmitter Requirements

### 3.1 Transmitter Requirements

- Use Treasury-assigned user code and password to transmit.
- Successfully complete transmitter testing. Each transmission can contain up to 999 returns.
- Retrieve acknowledgments from Treasury.

Once the return is transmitted and acknowledged, the transmitter is required to:

- Send or make available electronically the acknowledgment to the ERO within two (2) business days of retrieving the acknowledgment file, *or*
- Mail a written notification to the ERO within one business day of retrieving the acknowledgment file.
- Advise the ERO to retain a complete copy of the return and any supporting materials.
- Advise the ERO that an amended return, if needed, must be filed as a paper return and mailed to Treasury.
- Inform the ERO that refunds and correspondence will be sent to the legal address currently in Treasury's records.

If the return is rejected, the transmitter must notify the ERO of the following:

- The return has not been accepted for processing.
- Date of rejection by Treasury.
- Explanation of the rejection code used by Treasury.

Instructions for transmitting compressed files:

- Currently only files compressed using ZIP or GZIP format can be transmitted.
  - ◆ Instructions for ZIP files:
    - Files compressed using ZIP format must have an extension of .ZIP (i.e., myTransmission.zip).
    - Invalid or corrupted compression formats will be checked and rejected.
    - Multiple transmission files can be combined into one compressed ZIP file.
    - Transmission acknowledgments will be provided for each file within a compressed file.
    - You must retransmit only the files that were rejected, not the entire compressed file.
  - ◆ Instructions for GZIP files:
    - Files compressed using GZIP format must have an extension of .GZ or .GZIP (i.e., my transmission.gz).
    - Invalid or corrupted compression formats will be checked and rejected.
    - GZIP files can contain only one transmission file.
    - Individual GZIP files cannot be combined using an utilities like tar.

- Transmission acknowledgments will be provided for the transmission file within the GZIP file.

### 3.2 Unacceptable File Types

Files with certain extensions will not be accepted. The current list of unacceptable file extensions is listed below.

.386	.hta
.bat	.htt
.bin	.js
.com	.ocx
.cpl	.scr
.csh	.sh
.dll	.sys
.drv	.vxd
.exe	.wsh

If you receive the message: “File name with this extension cannot be transmitted.” Please rename your file and transmit again.

## SECTION 4 Transmitter Testing

### 4.1 Transmitter Testing

All transmitters must successfully complete the transmitter testing process with Treasury. Applicants must use Treasury-assigned user codes and passwords for system testing. For test purposes only, the returns in the transmission file must be prepared using approved software or the sample SBT XML file. System testing ensures that:

- SBT e-file specifications are met;
- The transmitter is able to send information to and retrieve information from Treasury;
- The transmitter understands the mechanics of e-filing;
- The TransmissionData at the beginning of the file and the TransmissionEndData at the end of the file are correct;
- The return count in the TotReturnCount field equals the total number of returns in the file;
- The sequence number for the day is incrementing properly by transmitting more than once on the same day;
- Acknowledgments are picked up properly.

The transmitter testing process is as follows:

1. *If not currently enrolled, apply to Treasury by submitting an SBT e-file New Application (Profile) request, which is available on-line at [www.michigan.gov/sbtefile](http://www.michigan.gov/sbtefile).*
2. *Follow the guidelines in the SBT e-file Transmitters' Handbook.*
3. *Submit a test file that contains at least two Treasury test scenario returns prepared using approved software or the sample SBT XML file.*
4. *Submit second transmission on the same day.*
5. *Treasury will acknowledge the test transmissions in two ways:*
  - *After transmitting the file the Web Portal will indicate the file was transmitted successfully or unsuccessfully.*
  - *When the test files are successfully transmitted an e-mail will be sent to the transmitter stating the same.*
6. *Treasury will submit the test file for mainframe testing.*
7. *Within 2-4 business days Treasury will issue written approval to transmit live e-file SBT returns or notify the transmitter of any processing problems that were encountered and need to be addressed.*

**Note:** Transmitters may transmit test files as many times as necessary until Treasury grants approval to transmit live returns.

When transmitting files, if no response is received from Treasury after five minutes, the application may be experiencing problems. Please wait an hour and try again. You may also contact the Alternative Filing Office to report this difficulty.

## 4.2 Transmitter Acknowledgment Testing

Upon receipt of a successful test transmission, Treasury will process the file and generate test return acknowledgments. Transmitters must retrieve these acknowledgments from the test site by selecting Test Return Acknowledgments from the SBT e-file home page and entering their User ID and password. Acknowledgments can be viewed by transmission date and/or file ID, or downloaded.

To receive a file of acknowledgments, click on the Download button in the search page or the search results page. You will be prompted to save a file with a default name of SBTReturnAcks\_<userid>.xml. The <userid> is your transmission user id. The file is in XML format and contains both the search condition and the results.

To prevent duplicate postings to Treasury's system, the last digits of the test account numbers will be incremented. The first four digits of the test account numbers will not change. For example:

Test 1 account number = 38-1000000

Test 1 acknowledgment number could be 38-10000015

Transmitter must respond to Treasury via e-mail indicating acknowledgments were retrieved successfully before Treasury will grant written approval. Treasury will then e-mail a written approval for live SBT e-file transmissions.

Please see Section 5 for additional information regarding the acknowledgment system.

## SECTION 5 Acknowledgment System

### 5.1 First Acknowledgment (File Acknowledgment)

Treasury will provide two types of acknowledgments. The first is a confirmation that the file transmission was successful. This confirmation is issued almost immediately after the transmission is complete. If a transmission is rejected, the transmitter will receive a message back from Treasury identifying the first error encountered in the file transmission. The transmitter should correct and retransmit the file. Transmitters will need to retransmit the file until it clears the schema validation. If you have questions, your XML programmer can help interpret the error message.

Upon successful transmission of a file, the transmitter will receive a message back from Treasury indicating the transmission has been received and the return acknowledgments will be available within 1-2 business days.

If any of the following conditions exist, the entire transmission will be rejected.

- XML file doesn't validate against XML schema. (See XML File Layout / Forms Cross Reference for a complete list of conditions)
  - Transmission data is missing or invalid.
  - Invalid production-test code (field TransType): P = Production, T = Test
  - No returns within transmission.
  - Return type (field ReturnID) left blank
  - Invalid return type.
  - Account number (field FEIN) left blank.
  - File period (field EndFilePeriod) left blank.
  - Name of business (field BusinessName1) left blank.
- Transmitter User ID (field TransUserCode) inside file must match User ID entered at sign-in.
- Invalid total return count in TransmissionEndData

### 5.2 Retrieving Return Acknowledgments

To retrieve return acknowledgments, select Return Acknowledgments from the SBT e-file Web page and enter your User ID and password. Acknowledgments can be viewed by transmission date and/or file ID, or downloaded.

To receive a file of acknowledgments, click on the Download button in the search page or the search results page. You will be prompted to save a file with a default name of SBTReturnAcks\_<userid>.xml, where <userid> is your transmission user id. The file is in XML format and contains both the search condition and the results. For an exact definition of the file format, see XML schema file SBTACKS.xsd.

The acknowledgment screen will display information similar to the following:

<u>File Id</u>	<u>Transmit</u>			<u>Ending</u>		<u>Trans</u>		<u>Trans</u>	<u>Return</u>	<u>ERO</u>	<u>DCN</u>	<u>DCN</u>	<u>Rejection</u>	
	<u>Date</u>	<u>Account</u>	<u>File Date</u>	<u>Seq</u>	<u>Seq</u>	<u>Seq</u>	<u>Seq</u>	<u>Seq</u>	<u>Seq</u>	<u>EFIN</u>	<u>Batch</u>	<u>Seq</u>	<u>Status</u>	<u>Code</u>
1234567	11/15/2002	38-1234567	12/2002	01	01	555666	01	01	REJ	10				
1234567	11/15/2002	38-7654321	12/2002	02	02	555666	02	01	ACC					

*If the return acknowledgement database is unavailable the following message will appear on the acknowledgment screen, or in the file if you are downloading the acknowledgments:*

*The Michigan database is currently unavailable for the retrieval of SBT return acknowledgements. Please try again later.*

### 5.3 Second Acknowledgment (Return Acknowledgment)

The second is an acknowledgment for each individual return record included in the file. This acknowledgment is available within 1-2 business days after successful transmission of a file.

Treasury will perform certain checks on the return during the acceptance process. All returns, whether e-filed or paper-filed, are subject to Michigan audit, and can be delayed regardless of the acknowledgment code given. The acknowledgment codes are as follows:

**ACC** Electronic return was **accepted** and will be reviewed and processed.

**REJ** Electronic return was **rejected**. Rejections other than duplicates can be corrected and retransmitted to Treasury.

#### Reject Status Codes

<u>Rejection Code</u>	<u>Form</u>	<u>Description</u>
10	C-8000 C-8044 C-8030	Duplicate return - return already received by Treasury.
20	All forms	Unauthorized Software Developer
30	C-8000 C-8044 C-8030	Electronic Signature Alternative is invalid

**Note:** *If the return is signed using shared secrets and the return is rejected because the shared secrets do not validate, the taxpayer/preparer may correct the shared secrets information and retransmit. There is no limit on how many times a return can be retransmitted in this circumstance.*

40	C-8000 C-8044 C-8030	Return filed on wrong year form
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**Note:** *Fiscal year filers beginning year date should coincide with the form's tax year.*

<b><u>Rejection Code</u></b>	<b><u>Form</u></b>	<b><u>Description</u></b>
50	C-8030	<i>Gross receipts are \$350,000 or more An SBT annual return (C-8000) or C-8044) must be filed even if no tax is owed.</i>